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DIRECTORATE OF
INTELLIGENCE

Developments in Indochina

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State Dept. review completed

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DEVELOPMENTS IN INDOCHINA*(Information as of 1500)*Page

LAOS

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Mortar attacks and some light skirmishes are still occurring in the central panhandle and north of the Plaine des Jarres. Souvanna Phouma is now taking a more relaxed view of the military situation, [REDACTED]

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[REDACTED]

The Lao Communist negotiators declined to use the Soviet plane for direct flights to Sam Neua, preferring to return home via Hanoi. Hagglng over procedural details during joint commission meetings suggests that neither side is in any hurry to resolve important problems.

SOUTH VIETNAM

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Throughout the country, the Communists are attempting to set up new political/administrative organizations at the grass-roots level. Senator Ngai is continuing his criticism of President Thieu for not removing corrupt advisers; he has suggested that the US bring some economic pressure to bear to make the President clean house.

CAMBODIA

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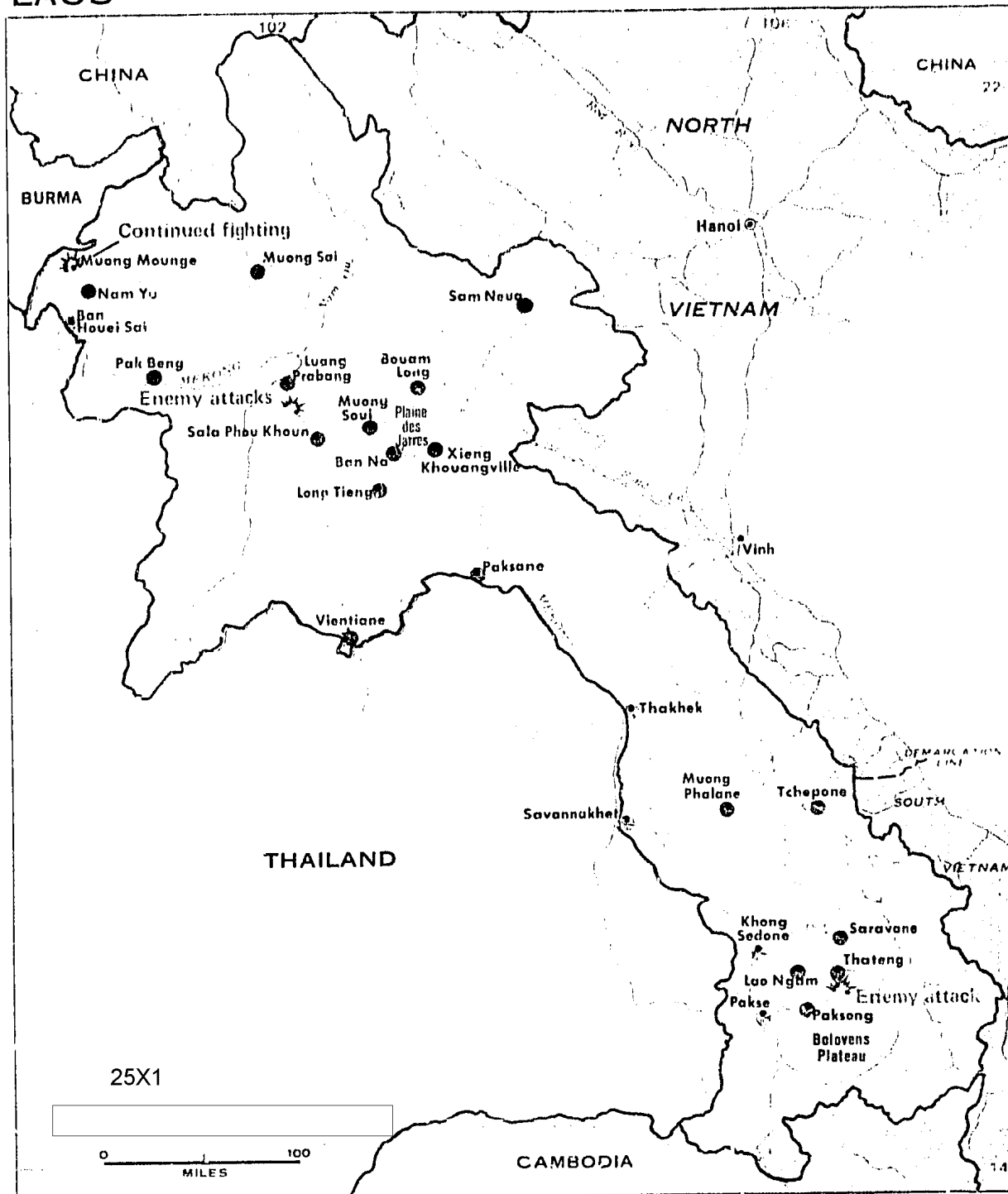
The army has made some progress east of the Mekong and along Route 2. The Phnom Penh rumor mill has the Khmer insurgents setting up their own capital in eastern Cambodia. The Cambodians have petitioned the UN to bring an end to the fighting and help secure the withdrawal of Vietnamese Communist forces.

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LAOS



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● Government controlled

● Communist controlled

LAOS

A heavy Communist mortar attack late on 26 February drove the remaining government unit from a ridge near Thateng in the Bolovens Plateau area. Elements of the 170-man irregular force sustained moderate casualties and are now moving toward another government position some seven miles south of Thateng. Elsewhere in the south, light clashes were reported on 26 February near Paksong and in Champassak Province west of the Mekong River. Minor skirmishing and isolated shellings also occurred on the same day near Thakhek in the central panhandle and at Bouam Long north of the Plaine des Jarres.

According to delayed reports, Communist units in the northwest over the weekend attacked a village south of Luang Prabang and fired several rockets into a refugee settlement on Route 13 in the same area. In remote Houa Khong Province, government and Communist troops on 25 February were still battling for control of Muong Mounge, the northernmost position in the 30-mile long defensive line running north from Ban Houei Sai.

Prime Minister Souvanna Phouma is taking a more relaxed view of the military situation. In a press interview on 27 February, Souvanna said that he was "confident of the future despite the...cease-fire violations" and claimed that North Vietnam "will stop its intervention in Laos" because it will have to turn its attention to "reconstruction." Souvanna expressed hope that the Paris conference would provide the basis for a real peace.

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A White Knuckle Airline

Lao Communist officials appear reluctant to use the Soviet AN-2 bi-plane presented to them by the Soviet ambassador on 16 February. Senior Communist negotiator Phoumi Vongvichit and several other delegates left Vientiane for Sam Neua on 23 February, but--rather than use the AN-2--they chose to board the regularly scheduled flight to Hanoi, and then travel onward to their headquarters in northern Laos. A staff member of the Communist delegation said that Phoumi preferred not to use the AN-2 because he was susceptible to airsickness and because the Soviet pilots spoke only "Ukrainian" and were totally unfamiliar with the Sam Neua area. So far the AN-2 has made only one flight to Sam Neua. A French aircraft made the inaugural flight to the newly repaired airfield there early in February and its pilots described the landing as "dicey."



Soviet AN-2

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[REDACTED]

Commissions Yet to Meet

Haggling over minor procedural matters is delaying the first meeting of the two joint commissions charged by the Lao peace agreement with determining the details of the new political arrangements and the implementation of the cease-fire. Both sides have designated representatives to these bodies, but it took two days this week to decide on a meeting room. They are now bickering over how many members should be on each commission. The slowness in working out even these minor technical arrangement suggests that decisions on matters of importance will be handled in meetings between Prime Minister Souvanna or Pheng Phongsavan, his chief negotiator, and high-ranking Pathet Lao negotiators--most of whom recently left for consultations in Sam Neua and Hanoi.

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SOUTH VIETNAM

The Communists are attempting to move ahead with political organizational efforts at the grass-roots level in several areas. According to the US Embassy, the Viet Cong in the delta are establishing district administrative offices and people's hamlet committees in two districts of An Xuyen Province. In addition, a new Viet Cong political front has been reported active in Chau Doc and Kien Phong provinces, and a Communist provincial official in Bac Lieu Province purportedly has been ordered to establish a provincial center for still another political front.

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Similar efforts have been reported in the northern part of the country. In Thua Thien Province, [redacted]

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[redacted] a North Vietnamese unit has occupied several hamlets a few miles northwest of Hue for the purpose of establishing a local "provisional revolutionary government" administration.

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[redacted] a Viet Cong "farmers' united association" has been formed in a district of Quang Ngai Province to establish contact with persons who have abandoned their land and persuade them to return.

The Communists apparently intend to use newly constructed hamlets and houses as the primary inducement for the returnees, while stressing alleged benefits awaiting people who shift to Viet Cong - controlled areas.

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[redacted]

The Communists will at the same time continue their subversion activities in government-controlled areas. The Viet Cong apparatus in Hau Nghia Province

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[redacted]

near Saigon has been instructed to place Viet Cong political cadre in government-controlled hamlets and villages where they are to take a census of the population to spot individuals who may be willing to work with the Communists in the coming political struggle. Similar surveys are to be made in other areas as the Communists try to tabulate the pro-Communist, pro-government, and fence-sitters among the population at large.

While the war was under way, Communist organizational efforts in the grey areas contested by the government were never very successful. It is uncertain whether the Communists will be any more successful now in a relative climate of peace in setting up a civil and administrative structure capable of inducing significant numbers of people back into areas under their control. [redacted]

Senator Ngai Criticizes Thieu

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Senator Nguyen Van Ngai, who has been an important political organizer for President Thieu, is expressing sharp criticism of Thieu to US Embassy officers. He is suggesting that the US should use economic pressures to persuade Thieu to change his ways. In a conversation with embassy officers this week, Ngai elaborated on earlier remarks about corruption among senior officials. He called for action against "notorious elements in important positions," specifically citing presidential aide General Quang, several senior military commanders, and police and judiciary officials. The senator repeated his prediction that Thieu would take some action before coming to the US, but said this would not include action against Quang.

Ngai criticized Thieu for "almost exclusive reliance" on a "narrow group" of advisers, citing General Quang again along with Information Commissioner Hoang Duc Nha and calling them major political liabilities since they are held in contempt by many

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Vietnamese. Thieu, according to Ngai, is failing to utilize a broad group of talented men with good reputations at a time when the nation cannot afford such a waste. He asserted that the coming struggle against the Communists might focus on the schools and universities and that the attitude of youth toward the government was one of "complete despair."

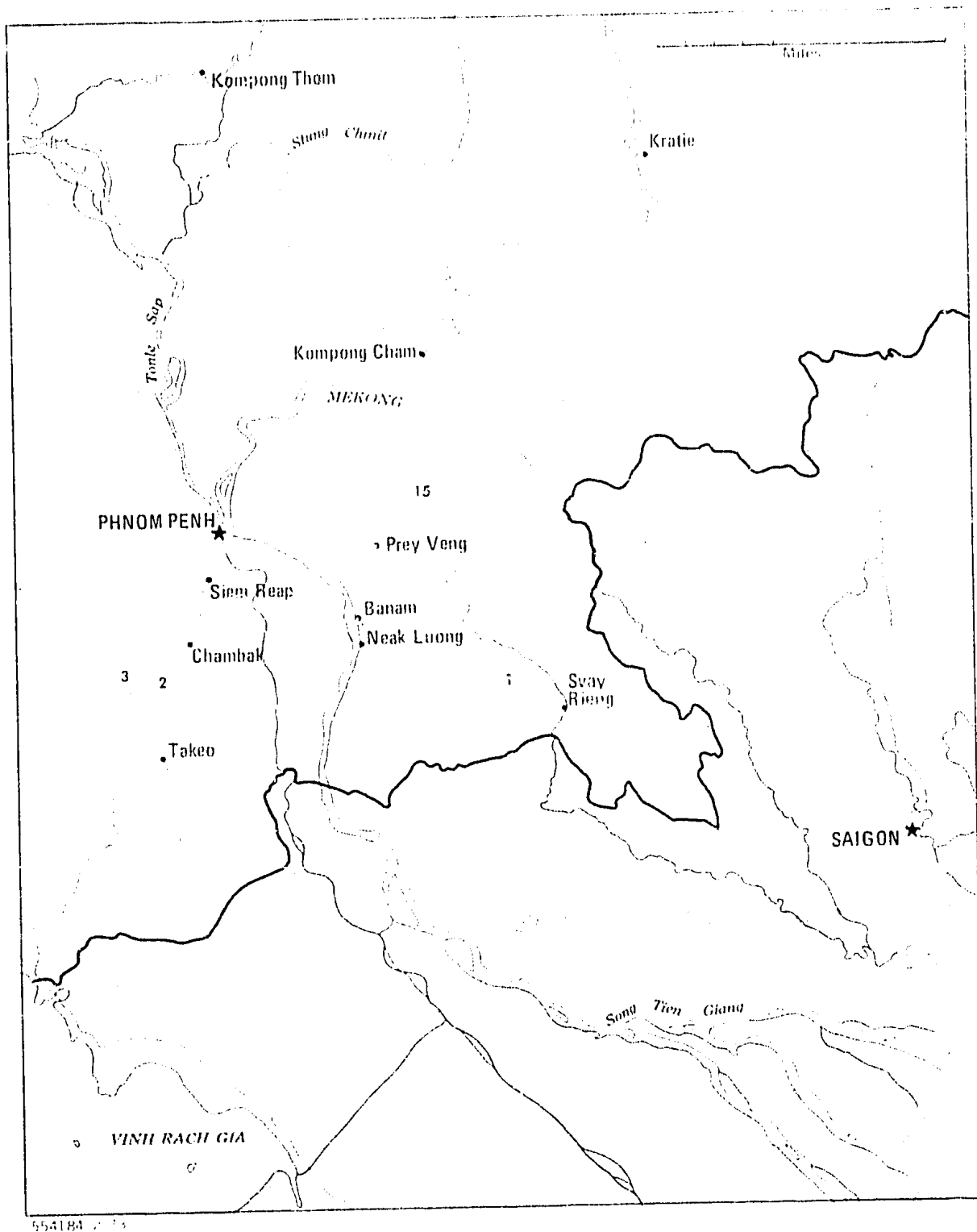
Ngai claimed that Thieu will not act to remedy these ills unless the US pressures him to do so. He said the US should present Thieu with a program of actions it deems necessary, and then be prepared to reduce economic aid if the President fails to act. The senator alleged that the South Vietnamese people have interpreted the US failure to use economic pressures thus far as an indication that the Americans do not want any action taken and that many therefore regard the US as an "accomplice" in the continued maladministration and corruption of the government.

Ngai has been working closely with Thieu's aides in organizing the Democracy Party and more recently in the new "popular front," but he earlier had been critical of the government over corruption and other issues. It is not clear why he made the above remarks at this time, but he probably genuinely believes some changes are needed and may be seeking a US reading on these issues. The senator is not as close to Thieu as key aides like Nha and Quang. Ngai's remarks may also reflect his frustration at not being able to gain a position of greater influence.

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CAMBODIA

A small Cambodian Army force reportedly encountered only minor resistance when it entered the village of Banam east of the Mekong River on 27 February. Banam had been occupied by the Khmer insurgents since 10 February. Once they have consolidated their hold over Banam, government units will try to clear a five-mile section of Route 15 between Banam and Prey Veng.

The government has also had some success in reopening sections of Route 2 between Phnom Penh and Takeo. The village of Siem Reap, which is about 15 miles south of the capital, was retaken on 26 February, and government paratroops have cleared the highway to a point about five miles south of Chambak. South of Takeo, however, other government troops have abandoned more small defense positions along the highway to the insurgents.

Elsewhere, the army high command is sending a battalion of reinforcements by helicopter to Kompong Thom to participate in an operation to clear the area around the town's airfield, which has been closed for over two months. Reopening of the airstrip would facilitate resupply of Kompong Thom's isolated garrison, which is still primarily dependent on airdrops for its supplies of rice, ammunition, and other items.

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A Khmer Insurgent "Capital" at Kratie?

The US Embassy reports that rumors are circulating in Phnom Penh that the Khmer insurgents may soon set up their own "capital" in eastern Cambodia. According to an unsourced article in one of the city's vernacular newspapers, the "capital" will be established in the northeastern town of Kratie, which has been under enemy control for almost three years.

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[REDACTED]

The article also alleged that the insurgents would soon begin to organize elections for a "national assembly."

Although it is possible that the insurgents might undertake such moves, there is no evidence that they are actually preparing to do so. The creation of a "capital" inside Cambodia presumably would need the ostensible approval of Prince Sihanouk, whose own government-in-exile still seems to be firmly ensconced in Peking. [REDACTED]

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An Appeal to the UN

The National Assembly on 26 February sent a petition to UN Secretary General Waldheim in Paris protesting continued North Vietnamese and Viet Cong attacks in Cambodia. The petition points out that the attacks are in violation of the Paris Accords and notes that the Cambodian Army stopped all its offensive operations on 29 January. It also asks the Secretary General to use his influence to secure the withdrawal of North Vietnamese and Viet Cong forces and the reinstatement of the International Control Commission in Cambodia. [REDACTED]

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